

Observations from Past Olympic Host Communities

Executive Summary

- Context is crucial! The Olympics are not held in a vacuum. Olympic -related effects represent only a small portion of total economic activity within a host community. Consequently, extrinsic factors, especially economic factors, are more important to future tourism activity than what the Olympics may provide.
- The magnitude of an Olympic -induced increase in tourism demand for an Olympic region cannot be accurately predicted based on either the successful presentation of the Games or the amount of positive imagery generated in the media.
- Increases in tourism and related business sectors have been greatest within host communities and satellite venue areas. Not all attempts at broadening the economic returns to a larger Olympic region (including outlying areas of cities, regions, provinces, states or even countries) have been successful. Those destinations that link themselves to the host city have seen the best results.
- Clear objectives are crucial to overall success. Identifying target markets and specific industry segments will help clarify Olympic leveraging strategies. Holistic approaches can dilute limited resources and diffuse consumer messages.
- Attempt sustainable development. Hosting the Olympics often stimulates markets to concentrate long-term development in a short period of time prior to the Games. Such development often creates significant excess capacity. Mismatched supply and demand conditions can result in harsh economic realities once the Games conclude, including bankruptcies, foreclosures, and other negative economic conditions that can undermine the stability of the host region. By encouraging development consistent with “normal” growth patterns rather than targeting “Olympic” growth patterns, the negative impacts of an oversupplied market can be minimized.
- Cooperative efforts among multiple and disparate groups are essential to any Olympic maximization strategy. It is important to preserve the relationships and the networks that are built for Olympic planning to prepare for and respond to the post-Games environment.





Calgary – 1988

The 1988 Winter Olympics produced several short and long-term impacts for Calgary's travel industry. Among the most significant, the Olympics legitimized Calgary as a destination for national and international conventions/business meetings. It also placed Calgary at the top of the list for leading bus tour circuits.

Calgary's western heritage image was revitalized as a result of the Olympics; consequently, the top annual event, the Calgary Exhibition and Stampede received a much-needed boost in awareness and interest, among visitors as well as local residents.

Following the successful presentation of the Games, local marketers attempted to expand Calgary's image using the theme: "Calgary: Host Consultant and Educator to the World." The theme was used primarily to attract businesses and conventions and to bid on several other high-profile international events, most notably an international exposition. One notable result of the campaign was Calgary's selection by the World Tourism Organization as Canada's official "World Tourism Education and Research Center."

Regional authorities attempted to capitalize on increased levels of awareness for Calgary before, during and after the 1988 Games with a campaign designed to spread the Olympic benefits to the entire province. According to most evaluations, the campaign, "Alberta in all Her Majesty," was unsuccessful. The marketing budget was diluted, the focus blurred and opportunities to build on the success and notoriety of Calgary and Banff diffused. As a marketing theme, the "Alberta in all Her Majesty" message did not survive even the first year after the Olympics.

Evidence indicated there was little need to market to Alberta residents and residents of Western Canada in general. There was such interest in the event that citizens literally "sought out" information and found a way to get tickets. Ex post evaluations recommended using the Games as a springboard to enhance Calgary's awareness and image within key international markets.

Awareness levels of Calgary remained significantly higher than pre-Olympic baselines for a period of approximately three years. However, tourist arrivals to the region are not well correlated to awareness levels (although both are positive), indicating the difficulty in establishing direct causal relationships between the Olympics, increased awareness and increased visitation. Nonetheless, virtually all agree that the 1988 Olympics provided a significant positive stimulus to Calgary's awareness level in key markets as well as its tourism industry.

Sustained growth in visitor arrivals has occurred on a localized level. For example, Canmore, the site of the cross-country skiing events, and Kananaskis Country, the site for the downhill events, have both grown significantly since the 1988 Games. Canmore has nearly quadrupled in population over the past 10 years and now rivals Banff in terms of facilities and visitation. Kananaskis Country has faced similar pressures, although environmental resistance has prevented such rapid development.



Barcelona – 1992

Organizers sought to leverage the 1992 Olympics to modernize Barcelona's profile and image as a business destination and introduce the leisure component of its business-oriented image. Several factors both related and un-related to the Olympics contributed to the relative success of this strategy.

Three major effects were identified from the 1992 Summer Olympics in Barcelona: 1) a temporary boost to the local economy of the otherwise depressed Catalonia region; 2) major urban regeneration in the host city; and 3) a short-term boost to the city's tourism industry.

Total Olympic-related output of US\$16.6 billion from 1986 to 1993 was sufficient to delay (but not prevent) the local economy from suffering the effects of the economic downturn that swept Europe in the early 1990's. However, the economic difficulties that swept Europe in the early 90's provided opportunities for Barcelona in the domestic market and among Europe's long-haul travelers who were looking for alternative destinations.

Barcelona experienced a contraction of visitors during the Olympic year, largely the result of visitor displacement from perceived congestion and construction. However, the Olympics provided a significant short-term stimulus to Barcelona's tourism industry following the Games. Arrivals to Barcelona increased significantly following the 1992 Games, with growth averaging nearly 20% per year in the three years following the Games. Since then, arrivals have stagnated although bednights have continued to grow steadily. One of the largest sources of new arrivals has been the domestic market, where Olympic awareness combined with other external factors stimulated an under-developed segment. Growth has also occurred within the holiday (vacation) segment, where arrivals have quadrupled between 1990 and 1998 and within the conferences and business travel market.

Room supply increased dramatically in Barcelona prior to the Games, with bed capacity rising 35% between 1990 and 1992. The drastic surge in new supply caused occupancies to decline since demand could not keep pace with the rapid development. The surplus of rooms caused revPAR (a measure of hotel profitability) to decline by almost 60% in the two years following the Games, reflecting an oversupplied market in a recessionary environment. With little new development over the past decade and steady growth in demand, occupancies have increased from 54.5% in 1994 to over 80% in 1998.

In terms of post-Games marketing, Barcelona leveraged increased awareness and a completely rebuilt urban landscape to attract the domestic market and the short-haul European market who were looking for alternatives to costly long-haul destinations. The rejuvenated city core also provided advantages in stimulating the already buoyant business travel and convention market. Nevertheless, the drastic surge in supply presented challenges to hotel operators and tourism-related businesses until growing demand could fill the excess capacity created by Olympic preparations.



Lillehammer – 1994

The original intention of Olympic organizers in Norway (and Lillehammer) was to use the Games as a catalyst for a stagnating region, starting a dynamic development process and creating an international tourism destination in the southeast part of the country. Upon selection, the host community had a small resident population (23,500), a small visitor bed base (3,500), almost no major sports and alpine ski supply businesses and few of the necessary facilities and infrastructure needed to host the Olympics. With significant public and private investment, organizers expected rapid growth before the event and lasting post-

event effects, based on improved awareness, new facilities and cultural attractions and much higher accessibility. The broad combination of improvements was expected to increase the competitiveness of the host community and region in tourist markets, lifting demand to a new and higher level.

The event itself was considered to be extremely successful, with much larger participation and coverage than even anticipated. Good snow conditions, 16 days of sunshine and a very enthusiastic public contributed to the success of the event.

Compared to the initial predictions, the ex post realities have been disappointing. Even with a very successful mega event and highly improved accessibility, the tourist development on a regional level is far behind pre-game predictions. The actual change in guest nights on a regional level has been on average 67% less than the lowest forecast. The more optimistic forecasts missed by 85%. The effects of fewer tourists have impacted the community harshly; both of the new large and publicly owned alpine resorts have been sold for less than one US\$ each to private interests to prevent bankruptcy because of uncovered large debt. In addition, 40% of the full service hotels in Lillehammer have failed and been sold with substantial loss to prevent bankruptcies or have been taken over by banks for refinancing.

The theory early on was that the 1994 Games would create a strongly increased awareness internationally of the many leisure attractions on a regional level, and create a positive and lasting image. National and regional authorities tried to strengthen this image building process by funding an attempt to create a new regional trade mark (using the name of the “Troll Park”), thus enabling the impacts of the 1994 Games to affect the entire region. But contrary to the predictions, growth has concentrated almost entirely within the host venues and the new alpine sport facilities.

Positive long-term effects from the 1994 Games have been identified within the Olympic core communities that hosted events. A temporary increase in tourist traffic 25% above the national average was identified in the host town of Lillehammer while nearby alpine ski satellites reported increases of 114% above national averages (while the percentage increase is significant, the starting points were very small thus amplifying relative growth compared to absolute growth). However, the effects were very localized, with no evidence of a surge in regional visitation compared to national averages. The effect on demand was temporary and concentrated to a two-year period following the 1994 Games. The increase was composed primarily of leisure traffic. The pre-Games build-up did not occur as expected, likely as a result of several extrinsic factors (i.e. economic performance and geo-political influences within Northern Europe and Scandinavia). Although growth in leisure traffic has slowed since 1997, increases in conference traffic have compensated, sustaining growth in the Olympic region.



Atlanta – 1996

Atlanta leveraged the 1996 Olympics to enhance its image as one of the world's leading business cities and a global sports center. In order to capitalize on Atlanta's growing image as a sports center and the new facilities, the Atlanta Chamber of Commerce created the Atlanta Sports Council. Together with the Atlanta CVB and the Georgia Dome, the Sports Council bid on 24 major national championships. Atlanta was successful in winning bids to host the Mobile Indoor Track and Field Championships from 1996 through 2004, the men's NCAA

Basketball Final Four in 2002, the men's NCAA Basketball first and second round in 1998, the Superbowl in 2000 and the 2000 Baseball All Star Game.

Led by Georgia Power Company, Operation Legacy established a goal of stimulating the relocation of 20 major companies to create 18,000 direct and indirect jobs and add \$150 million in annual payroll earnings. The Atlanta Chamber of Commerce developed a marketing campaign, Forward Atlanta, to assist the efforts of private businesses. The Georgia Department of Industry, Trade and Tourism received \$8 million General Fund dollars from the State Legislature for a marketing campaign called Georgia Global. Atlanta has succeeded in attracting major corporate offices to the region. While the Olympics may not have been an explicit factor in the majority of these business decisions, the ability of the city to leverage the increased awareness resulting from the Olympics likely contributed to their success.

The success of the post-Olympic efforts in Atlanta are somewhat masked by the region's extraordinary growth during the mid-to-late 90's. Without doubt, the region was among the nation's fastest growing metropolitan areas. However, the high level of growth has made isolating the Olympic effect difficult, if not impossible. Nonetheless, the rapid business and residential growth of the region produced "spillover" effects into the area's tourism industry. A common criticism has been the lack of a significant post-Games tourism marketing campaign that may have further capitalized on the increased awareness.

Among the key legacies of the Atlanta Olympics was the regeneration of certain downtown districts that had fallen into urban decay. The Olympic-spurred development in the area has provided a much-needed stimulus for revitalization. The area around Centennial Olympic Park, for example, is currently experiencing a revival, with demand for residential "loft" apartments, telecom hotels and high tech offices.



Sydney – 2000

Between 1997 and 2004, the 2000 Olympics in Sydney is expected to generate 1.1 million additional international visitors for the host region of New South Wales. In addition, the Olympics is expected to stimulate an additional 300,000 domestic visits to the region.

Tourism New South Wales, with an annual budget of \$50 million in 2000/01, has established programs and marketing goals aimed at capitalizing on the Sydney 2000 Olympics, converting exposure and increases in awareness into actual vacation bookings, increasing visitor arrivals from the current level of 29 million to a targeted 32 million by 2003. Many of the tactical objectives, including the Sydney Media Center, the Visiting Journalist Program, the Sponsor Relations program and the Pre- and Post-Event Tours have concluded. Of the four objectives, only the pre- and post-event tours did not meet expectations. Results from the other three programs exceeded estimates significantly. The current tactical objectives focus on immediate conversion among consumers in key international markets. The message to consumers will be that while the Olympics is over, things have just begun in Sydney and in New South Wales. A few key messages will be repeated to alleviate misconceptions that are barriers to travel, for example: Sydney is affordable; Sydney is accessible; Sydney is a new city, a fresh city, an Olympic city; Sydney and New South Wales are at the heart of a new nation, a young and vibrant nation.

The Australian Tourism Commission has identified a four-tiered strategy to capitalize on the Olympics to stimulate increased tourism to Australia: 1) launch of over 90 joint tactical advertising campaigns worth over \$45 million and involving over 200 partners promoting holiday (vacation) deals to Australia; 2) an aggressive \$6 million direct marketing campaign including the redevelopment of the consumer website Australia.com; 3) research to identify changes in Australia's international image as a result of the Games; and 4) continuing to build the lucrative meetings, incentive, convention and exhibition (MICE) sector.

As evidenced by the focus on international arrivals and exposure, the intent of Sydney's Olympic organizers was to leverage the Games to establish Sydney as a global city, with key target sectors including international tourism as well as regional (Asian/Pacific) service-based activities. Although many new sporting facilities were constructed for the Games, the most important investment occurred in the city's transport and telecommunications infrastructure. The successful use of the transport and telecommunications systems during the Games provided an important element in marketing of Sydney and New South Wales as a modern, global city and does much to overcome perceived barriers of distance and the overpowering "Crocodile Dundee" image of Australia as the "outback."

An early indication of the success of Sydney's tourism promotion program is provided by recent visitor arrival statistics that indicate that total arrivals for 2000 were up 11% for the year. Interestingly, the highest monthly total was achieved in December, three months following the Games. In addition, Sydney has capitalized on the Olympics to leverage its convention business. Since winning the Olympic bid in 1993, the local convention and visitors' bureau bid win average increased by 34%. Halo effects also impacted other cities in Australia, notably Melbourne.

As many of the world's economies experience a slowdown, Sydney is placed in a unique position. While recessionary conditions prevail in many key Asian markets (Japan, Singapore, Taiwan), the strength of the U.S. dollar means that Australia is particularly attractive for bargain-seeking European travelers as well as U.S. travelers. Consequently, while arrivals from Asian markets may stagnate in the short term, a boost from North American and European travelers should help Sydney capitalize on its Olympic publicity. In addition, celebrations throughout 2001 highlighting the Centenary of Federation should also stimulate additional domestic and international demand.